



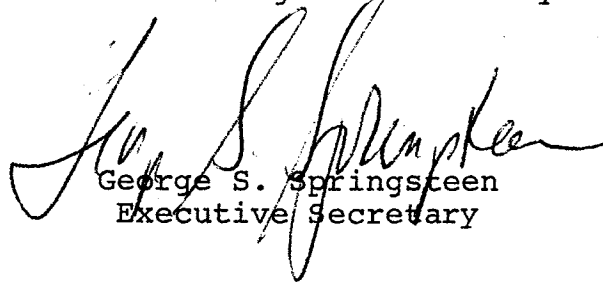
September 9, 1974

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MEMORANDUM FOR LIEUTENANT GENERAL BRENT SCOWCROFT
THE WHITE HOUSE

Subject: Status Report of Bilateral Negotiations
in Preparation for the Visit of
First Secretary Gierek

This memorandum, in response to a White House request of September 6, sets out the current status of US-Polish negotiations being undertaken in preparation for the visit to Washington beginning October 8 of Polish Party First Secretary Edward Gierek. Negotiations leading to documents for possible signature by the President and the First Secretary are listed in Attachment 1. Negotiations to be formally concluded or noted during the visit which do not require signature by the President or the First Secretary are listed in Attachment 2, and non-governmental agreements which might be taken note of during Gierek's stay are in Attachment 3.


George S. Springsteen
Executive Secretary

Attachments:

1. Presidential signature items
2. Non-Presidential signature items
3. Non-Governmental agreements

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DOCUMENTS FOR POSSIBLE SIGNATURE BY THE PRESIDENT AND

FIRST SECRETARY GIEREK

Joint Declaration on Political Principles: The Poles have signed this sort of statement with the French and Belgians. We believe that a joint communique signed by the two leaders, as was done during President Tito's visit to the United States, would be more appropriate and could be worded more easily to reflect current US-Polish political relations. If the Poles are insistent, however, we could agree to a declaration essentially along the lines of the traditional formulations governing intercourse between states. What they have in mind will be made clearer during the week of September 9-13 in discussions between Department of State officials and a Polish advance team led by Central Committee Secretariat member Frelek and Foreign Affairs Vice Minister Spasowski.

Joint Declaration on Economic, Industrial and Technological Cooperation: This document, general in tone and covering the period between now and 1980, is being negotiated during the fourth session of the American-Polish Joint Trade Commission (September 9-10 in Washington) in lieu of a formal long-term agreement. The Commission is expected to propose a text for adoption by both Governments during the Gierek visit.

Joint Communique: There has been no Polish reaction as yet to our informal proposal that political principles governing relations should be contained in a Joint Communique of the type signed by President Nixon and Polish leaders on June 1 1972 during the President's trip to Warsaw. It is likely, however, that the Poles will press for a Joint Communique, covering all aspects of the visit and describing future relations, signed by President Ford and First Secretary Gierek. More than likely, this Communique draft will be roughed out during the Frelek-Spasowski visit next week.

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OTHER NEGOTIATIONS NOT REQUIRING PRESIDENTIAL SIGNATURE

PL-480 Postponement: U.S. agencies are now at odds over a Polish request for postponement of about \$50 million in dollar payments due to the U.S. for sales of American agricultural commodities to Poland in 1957-64 under PL-480. The U.S. agreed to a similar deferment for the years 1973-74 following the visit of President Nixon to Warsaw in 1972. At that time, we invited the Poles to discuss a 1975-77 deferment with us late in 1974. If inter-agency differences cannot be resolved in the next several days, high-level decision on this matter will be sought.

Science and Technology Joint Financing (Marie Sklodowska Curie Fund): The Department of State is now awaiting resolution of inter-agency differences as well as a Treasury Department decision on a Polish counterproposal about increasing the size of this Fund, which finances a wide range of joint projects in both countries. Latest indications are that the Poles will meet our desires on modalities providing we increase the amounts designated to be spent through FY 1978. Treasury has been requested to set aside an additional \$15 million to be used for energy and energy-related cooperative research. High-level decision will be sought if inter-agency differences cannot be resolved in the near future.

Commodity Credit Cooperation (CCC) Credits: The Poles have requested \$55 million in CCC credits for purchases in calendar year 1975 of such items as cotton, barley, corn and tobacco. They are also interested in buying wheat if it becomes available. With the easing of the supply situation for some commodities, a \$12 million line of CCC credit for tobacco and cotton has been proposed by Agriculture. The Treasury Department argues that there is no economic justification for a CCC credit on cotton. Ex-Im and the Federal Reserve concur with Treasury, while Agriculture, Commerce and State argue in favor. High-level decision may be sought in the near future.

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Coal Mining and Utilization Agreement: The Poles have proposed that our Interior Department and their Ministry of Mining and Power enter into an agreement for cooperation in coal mining and utilization. An Interior team of experts visited Poland in early August and subsequently proposed areas of possible joint cooperation to the Polish Ministry of Mining and Power. This cooperation would be limited, however, to exchange of information. Polish initial reaction was one of disappointment that the agreement did not contemplate cooperative research, jointly funded by the two governments. (NOTE: Cooperative research would involve, in the first instance, a positive decision on the additional increment to the Marie Sklodowska Curie Fund as set out above.)

Gdansk (Danzig) Bonds/Gold: The Poles have asked us to agree to release gold formerly belonging to the pre-war Free State of Danzig administration. (This gold is now under the protection of the U.S., UK and France.) We have agreed in principle to this release but are insisting that Poland must first undertake serious negotiations aimed at settling outstanding claims by U.S. holders of municipal bonds issued by the pre-war Danzig regime. The Poles have resisted a linking of the two issues but are in the process of initiating contact with the Foreign Bondholders Council.

Long-Term Agricultural Agreement: This subject is now under discussion in connection with the fourth session of the American-Polish Joint Trade Commission. The Commission will probably recommend an agency-to-agency agreement simply endorsing an expansion of two-way trade in agricultural commodities.

Environmental Protection Agreement: Proposed by the United States, negotiation was almost complete when Congressional unwillingness to appropriate necessary PL-480 funds for this year caused EPA to review the desirability of the agreement. The Department of State has subsequently informed EPA that such an agreement would be in the U.S. national interest. Completion of an EPA review of this matter is expected shortly.

Double Taxation Convention: Negotiation is almost complete, and the American-Polish Joint Trade Commission will probably propose adoption by both Governments.

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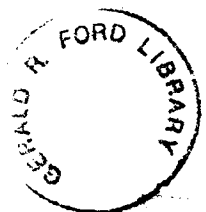
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Smithsonian Institution: The Smithsonian Institution and the Polish Academy of Sciences are prepared to enter into an agreement providing for joint research projects, training in technology, and other activities. The agreement could be ready for signature during the Gierek visit.

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NON-GOVERNMENTAL AGREEMENTS WHICH MIGHT BE TAKEN NOTE OF

1. Chambers of Commerce Agreement leading to the establishment of a Joint US-Polish Chamber of Commerce.
- * 2. Exchanges Agreement between the Kosciuszko Foundation and the Polish Society for Relations with Poles Abroad.
- * 3. Signature of Intent Agreement by Polish agency with General Motors.
- * 4. Signature of Intent Agreement by Polish agency with Chase Manhattan Bank.
- * 5. Signature of Agreement by Polish agency with Standard Oil of Indiana.

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- * Better information about when documents will be signed during Gierek visit will become available during week of September 9-13.

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